YEAR 2000 READINESS DISCLOSURE

Revised as of March 31, 1999

Dear Overnite Customer:

Overnite Transportation Company is dedicated to serving our valued customers with the best possible service at all times. The Year 2000 computer problem poses major challenges to all service providers' computer systems, but it is one which we are fully committed to solving so as not to cause any disruptions to our customers' businesses. In conjunction with our parent company Union Pacific Corporation, we are diligently working to ensure that no service interruptions occur to our customers because of the millennium change.

Overnite's Year 2000 project includes software, hardware and data exchanged with other computer systems, including EDI and Overnite's PC-EDGE products; all equipment containing an embedded microprocessor, environmental and user-developed systems; and key suppliers of goods and services. We are asking each critical supplier of products or services to notify us whether software, hardware, firmware and/or equipment they have sold or may sell us will be certified to be Year 2000 compliant, and to provide a solid plan for bringing products into Year 2000 compliance. When entering into any new contracts with our suppliers we negotiate for the inclusion of a warranty as to multi-century compliance.

Year 2000 compliance means products and business systems will recognize 2000 as a leap year and work properly and accurately beyond the year 1999. Dates or date-related data must be processed fault free including, but not limited to, calculating, comparing and sequencing operations. We appreciate and share your concerns that all vendors, suppliers and customers ensure their systems are ready for the next millennium.

Overnite completed most of the Y2K changes for mission-critical mainframe applications by December 31, 1998, with integrated system testing scheduled for completion during the second quarter of 1999. Overnite is contacting its EDI customers during 1999 to coordinate conversion and testing to use a new EDI mapping system, allowing ANSI X.12 version 4010 transactions if desired. Most user-developed and vendor systems are have been tested and made compliant by the first quarter of 1999. Overnite released the Y2K compliant version of Rate EDGE in the 1st quarter as scheduled, known as Rate EDGE for 32-bit Windows. PC EDGE and Bill EDGE are undergoing changes to ensure its compliance, currently scheduled for completion during the second quarter of 1999.

For more detailed Y2K information, please contact Thomas D. Wilkerson, Manager-Overnite Year 2000, by phone at (314) 768-6748, by fax at (314) 768-5821 or e-mail him at tdwilker@notes.up.com. Written correspondence may be sent directly to him at Union Pacific Technologies, 7930 Clayton Road, St. Louis, MO, 63117-1368. Also, visit Overnite's web site (www.overnite.com) for future updates.

Sincerely,

Carol D. Miller
Vice President-Information Services

OVERNITE *Transportation Company*

Year 2000 Project Status - First Quarter 1999

Overview

The millennium change poses major challenges for most computer systems and, if not addressed, may cause operational disruptions at Overnite Transportation Company (Overnite) and for its customers. In conjunction with our parent company Union Pacific Corporation, Overnite is committed to ensuring that no service interruptions to our customers occur because of the Year 2000 (Y2K) computer problem. The Y2K compliance project at Overnite includes software internally developed and purchased, hardware, and embedded chips inside equipment and machinery.

Overnite's enterprise-wide project encompasses computer systems and equipment, including a telecommunications network connecting personal computers, 3270 terminals and telephones supporting 165 service centers across the U.S., Canada, Mexico, Puerto Rico and the U.S. Virgin Islands. Equipment containing embedded computer chips include on-board mobile data terminals, forklift mounted scale systems, engine diagnostic equipment, PBX systems and computerized monitoring systems.

In 1995, a third-party impact analysis was completed on mainframe systems supported by Overnite's Information Services Department. A full-time Y2K program began in 1996, as did an in-house mainframe analysis and remediation team to work in conjunction with existing application support groups. The mainframe Y2K program changes began with a small team converting applications supported by Information Systems. Now many others are involved and dedicated to Y2K, including a client/server development team, user-department representatives, systems infrastructure teams and critical vendors. Key alliances and resource sharing with Y2K representatives of other Union Pacific Corporation companies have helped Overnite's progress on YK2 compliance. Overnite provides regular status updates and works closely with the corporate Y2K Project Management that provides executive level oversight to the project.

Strategy

Century compliance is larger than the year Y2K rollover. Overnite recognizes it involves several other risk areas associated the Y2K conversion, areas with events well before and after the year 2000. Overnite completed nearly all the Y2K changes for mission-critical mainframe applications by December 31, 1998. This will allow Overnite to dedicate the remainder of 1999 to integrated systems testing to help ensure all mission critical applications will perform correctly on January 1, 2000. Most other systems have been

completed in the first quarter of 1999, with a few scheduled for the second quarter. Overnite's strategy is to use procedural windowing logic to the extent possible when changes are required for Y2K compliance. This type of change enables programs to determine the century based on the current two-digit year by using a date window of 1951 through 2050 without having to expand to a four-digit year representation. Screens, reports and other display or input of two-digit dates will not change, although storage of dates may need to expand in certain circumstances. Four-digit date storage and use of standard date routines is established as the standard for all new development.

Current Project Status

Overnite's Y2K project, in coordination with Union Pacific's corporate Y2K project, is divided into five sub-projects:

1. Mainframe IS Applications Systems
2. Client Server IS Applications Systems
3. Department Developed/Supported Systems
4. Vendor Supplied Software/Hardware and Embedded systems
5. Electronic Data Interchange

Inventory and assessment phases are complete for all sub-projects and all have project plans in place. Renovation, testing and implementation are well underway. Most areas have been completed and certified Y2K compliant by the end of 1998; with only a few remaining systems scheduled during the second quarter of 1999. In addition to the importance of the five sub-projects listed above, addressing project management issues is vital to the success of the project. These include establishing disciplined project management, providing effective internal and external communications, performing contingency planning, creating documentation and minimizing risk. The status of the five sub-projects as of the end of the first quarter of 1999 is as follows:

Mainframe IS Applications Systems

The mainframe Y2K team completed conversion, testing and implementation of virtually 100% of the programs (4458 of 4480) grouped into the 94 systems that form the foundation of Overnite's essential systems. The remaining 22 programs are scheduled to be implemented in the second quarter 1999, following testing with a vendor-supplied system. A complete systems integration testing process is underway, and will continue into the second quarter of 1999, to test compliance with date-altered files and databases in Y2K compliant systems software and hardware. A third party Independent Validation and Verification process has approved a small portion of the software, with an additional IV&V effort underway on a substantial portion of the inventory in the second quarter.

Client Server IS Applications Systems

Most of the client server applications have been designed with the Y2K date issue in mind. Currently, 79 percent of the systems (49 of 62) are certified as compliant or have been replaced, with only one critical application remaining. Most of these systems are scheduled for completion by early May. Overnite plans to complete evaluation, changes and Y2K certification testing on all of these systems by the end of the second quarter 1999. Many of the systems are contingent on changes to a vendor's proprietary file system and have

been delayed. Systems integration testing will be completed in the second quarter of 1999.

Department Developed/Supported Systems

This category includes mainframe and PC-based systems developed and supported by departments other than Information Services, not including vendor packages supported by IS. Each department's coordinator is responsible for ensuring all of their systems are recorded in inventory and that they are tested using the standard verification checklist for Y2K compliance. Departments nearly completed analysis and conversion of systems, completing 94% (133 of 141) of the systems in inventory. All critical systems are complete. The plan calls for completing the remaining 11 systems by the end of 1999's second quarter, with departmental management accountable for testing & certification of systems.

Vendor Supplied Software / Hardware

Year 2000 work is not limited to the company's internal systems. Overnite has contacted its critical vendors, government agencies, financial institutions and other transportation providers to verify their preparedness. The scope of this project includes vendor-supplied software, desktop, mainframe and server hardware, and network infrastructure, as well as databases and operating systems. Major systems upgraded in 1998 include the WAN infrastructure, mainframe systems software and voice systems. In early 1999, the general office was re-cabled to allow migration from NetWare servers to NT server, as well as a migration to all Ethernet network devices. The general office infrastructure has been reviewed for compliance, and a new Y2K-compliant security system is now in use.

Of the 551 vendor-supplied hardware, software or imbedded systems other than desktop hardware & software, 84 percent are compliant or have been removed from use. General office replacements of PC hardware and software are 83% complete, with field PC upgrades underway. Second quarter 1999 plans are in place to assure 100 percent Y2K compliance or solid replacement plans on vendor items other than for desktop PCs. Hardware & software upgrades for mission critical PCs in general office and field locations are scheduled during the second quarter, with all PCs upgraded by the third quarter of 1999. All non-Y2K compliant operating systems will be upgraded to Windows 95 or Windows NT 4.0 (SP4).

Overnite also has asked essential suppliers of other products and services to provide the Y2K status of their internal systems. Vendors must ensure that their internal systems are compliant so as to continue to provide products, services, and embedded systems to Overnite beyond the year 1999. There are more than 141 critical companies, and 121 responses returned (86 percent) thus far indicating they have sound Y2K project plans. Plans are to obtain compliance information or have contingencies in place on the all of the remaining critical vendors of utilities, service providers and other non-IS product providers during the second quarter.

Electronic Data Interchange

Overnite is upgrading its EDI mainframe system to a more flexible and Y2K compliant system that allows use of X.12 version 4010 messages for those customers requesting it.

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Migration to EDI Open Premenos mapping package (also known as "TrustedLink Enterprise" by Harbinger Corporation) is underway to provide a solid foundation for EDI message translation in a Y2K compliant, client-server environment. The EDI Y2K compliance project is 35 percent complete, measured by customer conversions to use the new system. Priorities shifted in the first quarter, implementing the interface for invoices to Premenos (ANSI 210) as part of a customer requirement. The second quarter 1999 plans is to complete 75% of shipment status mappings converted. The conversion will be 100 percent complete in the third quarter when completing all status mappings conversions. Overnite will continue to support older versions of EDI transactions and interpret the two-digit year to the appropriate century for its internal applications.